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<b>REPORT TO:</b>	<b>Housing and Community Services Committee</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>11<sup>th</sup> October 2012</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>Mark Alflat - Director of Operations</b>	<b>OPEN</b>
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<b>SUBJECT:</b>	<b>Housing Revenue Account – additional services</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCSO1</b>

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## **1. Recommendations**

- 1.1 That the outcome of the stakeholder workshops be noted and that items be incorporated in 2013/14 spending plans as detailed in section 4 of the report.
- 1.2 That the current Housing Revenue Account position be noted.

## **2. Purpose of Report**

- 2.1 To consider an overview of the up to date financial position of the HRA and how the Service could incorporate additional projects into future spending plans.

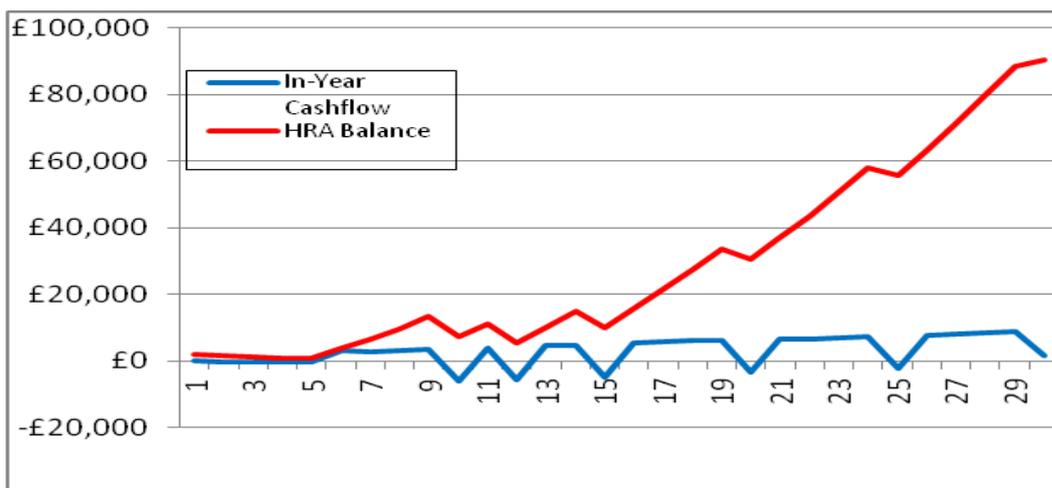
## **3. Detail**

- 3.1 The Council prepared extensively for the onset of the new HRA self financing regime. We have:
  - An HRA Business Plan, signed off by the Council in June 2011, following 6 months work that involved members, tenants and staff in a joint working group
  - A full stock condition survey from 2009
  - Specialist treasury management advice and support from late 2011
  - HRA Business plan supplement approved by the June 2012 Committee cycle.
- 3.2 Since the HRA Business Plan was written, several potential variables have now been confirmed as actuals. In summary these are:
  - The debt settlement take on is £57.423m giving a total HRA debt of £58.723m
  - The interest rates for that debt are at an average of 2.78% over 30 years – all but the 10 year rate are fixed and the debt is paid back in 6 tranches ranging from year 10 to year 30.
  - The actual rent settlement figure for 2012/13 and the outturn on the account for 2011/12
- 3.3 The June 2012 8 page supplement to the HRA retained the key messages;
  - The stock condition survey requirement works can be funded in full

- Additional resources are restricted in the short term given the requirements of the stock condition survey
- There is though an opportunity to invest in additional services particularly in the medium to long term
- The HRA will generate significant surpluses in the longer term if income and expenditure profiles are projected forward at current levels plus inflation

3.4 The key significant change in the June supplement, compared to the original plan, is that the lower than projected interest rates help free up resources particularly in the medium term. In graph form the balance on the account after all costs and currently planned expenditure is taken account is now projected as:

**Table 1: 30 year projection on HRA showing in year and cumulative balance £'000**



3.5 In our business planning process in late 2010 and 2011 we incorporated, to some degree, tenant aspirations into our programme. In the next couple of years we'll be embarking on estate parking improvements, environmental works, garage site upgrading and bringing Council homes into the 21<sup>st</sup> century by installing showers in every home. However we could have built in other projects as well and, to some extent with those projects already included, we're only going to be scratching the surface of an issue e.g. £150k parking improvements may improve the situation for at best 100 people but we have parking issues far more widespread than that.

3.6 Although resources remain restricted in the earlier years of the plan we can perhaps now afford to be bolder with our plans and ambitions for the service i.e. more resources will be freed up in the medium term rather than the longer term. Initially therefore this may be more about pilot and targeted projects rather than District wide schemes. Such an approach would in itself be a positive in developing new projects gradually and learning from that experience rather than trying to launch larger projects from a standing start.

3.7 To this end and as agreed by the June cycle of Committees a series of visioning workshop sessions with staff, members and tenants were held over the summer period i.e. the key stakeholders. Around 55 staff, 45 tenants and 12 members attended the sessions.

3.8 A full list of the issues raised is included at appendix 1. The top five common themes emerging, that we don't currently have established plans for, in ranking order were:

- The need for more affordable housing
- Budget skills, welfare rights, debt counselling
- Gardening services for the elderly

- iv) Decorating services for the elderly
- v) Work experience for tenants and their families

3.9 This feedback ties in with an emerging social enterprise agenda within the social landlords sector. A number already are, and others are planning to, do more in their communities than the traditional landlord role. For South Derbyshire some of the issues raised in the summer workshops can be clearly linked together e.g. work experience could be offered via gardening and decorating projects for the elderly. Such schemes, once established, could also be operated with minimum grant funding i.e. the primary funding would be from the recipients of the service. Inevitably there would be a need for start up funding.

#### **4. Proposals**

The following is proposed to be the initial Council response to the summer workshop sessions:

##### **4.1 Additional affordable housing**

There is a separate report on the agenda of this meeting seeking to progress this matter to the next stage of development with a view to commencing new build activity in 2013.

##### **4.2 Decorating and Gardening schemes for the elderly to incorporate training and work experience for tenants and their families**

It is proposed that this social enterprise concept be scoped out and included in spending and project plans for 2013/14. Ideally it would be done in conjunction with a local college and other bodies to ensure quality outputs and formal accreditation to those going through the project. Start up funding would be needed and possibly some ongoing funding but the majority of the latter should come from a charge paid by service recipients. The advantage for tenants would be that they could pay for such services on a weekly basis in with their rent and rely on the Council's management structure re resolution of any service issues and complaints i.e. problems with some small scale private sector operations is that there is no recourse if things don't go as planned.

##### **4.3 Parking and environmental improvements**

These are projected to start and have been included in already approved spending plans for 2013. Although there is a case for building in further funds in recognition that this is one of the most common service requests that we don't currently fulfil, it is proposed to use next year's limited programme as a pilot before we commit further funds. By this time as a result of knowing the actual (rather than estimated) costs of the more traditional property improvement works we'll be in a better position to detail the potential resources available.

##### **4.3 Budgeting skills and debt counselling for tenants**

Clearly the government's welfare reform agenda has significant implications for those on low incomes and particularly tenants. Those tenants with spare bedrooms will lose upto 25% of their housing benefit, direct payment of housing benefit to tenants will mean they will have to budget in a more detailed way than before and a cap on overall welfare benefits will also present a significant challenge for some. The Housing Service is in discussion with the local Citizens Advice Bureau and credit union about what additional assistance we can collectively provide. A more detailed report on this issue is planned for the November meeting of this Committee.

#### 4.4 Handyman scheme

Such a scheme already exists within the District funded and operated by the County Council. This is open to all residents and not just tenants and is free at the point of delivery. It is proposed to highlight and publicise the scheme more fully to tenants of the District and specifically to include additional articles in the tenants' newsletter.

#### 4.5 Additional youth and Dreamscheme activities

The dreamscheme initiative has been very successful over the last 18 months in engaging with young people and encouraging them to take a stake in their community by participating in projects that improve the lives of others. In return the young people are rewarded with trips to theme parks or, potentially, other activities. It is proposed that the Dreamscheme project be continued and extended more widely across the District.

#### 4.6 Other proposals arising from the workshop sessions

There were a number of other proposals that came out of the workshop sessions that are worthy of further analysis. Given the limitations of the current staffing capacity it is not possible to follow up on all of these at present but it is proposed that they be revisited when resources allow.

### 5. Financial Implications

5.1 Some of the proposals will be now worked upon in more detail as proposed in section 4 above. The additional work will include fully itemising the costs involved.

### 6. Corporate implications

6.1 As highlighted in the June 2012 report the Housing Service staffing structure also needs to be reviewed. It's geared up to run at very low cost with all staff being wholly or largely operational with a front facing role. This significantly affects the department's ability to service new initiatives and programme development.

6.2 Within the last few years the operational running costs of the service have been further reduced by over £180k against a background of the previous inequitable national finance system that saw our local HRA running in deficit. Posts taken out of the structure have included:

- 50% Head of Service – now shared with Environmental Services
- 50% Housing Strategy – now shared with private sector housing operations and disabled persons adaptations
- Removal of Sheltered Housing Manager post
- Reduction of 3 to 2 Repairs Inspector posts
- Reduction of 10 to 7 Supported Housing Warden posts
- Downgrading of the Performance Officer post from PO4 to SO1.

6.3 It is proposed that a full Housing Services restructure report is brought before the Committee at the next cycle. One of the key aims of which would be to include the need for more capacity to deliver new and additional projects. The initial priorities of a dedicated Projects and Policy Officer would be a Decorating and Gardening scheme that sought to also deliver on the social enterprise agenda. The project would need fully scoping out in conjunction with a local college seeking to deliver accredited training

## **7. Community implications**

- 7.1 The proposals for further works and action contained within the report reflect the priorities identified in our consultation with tenants on services currently and potentially delivered.